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# “The Kids Don’t Stand a Chance”

Youth in the Finnish Job Market, Statistical Discrimination and  
Responsible Recruitment

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<p>Abstract:</p> <p>Youth often experience difficulties in entering the labour market, especially during economic downturns when cyclical unemployment worsens the situation. While outright age discrimination does not provide a satisfying answer to the question; why are youths in an unfavourable position in the job market, the concept of statistical discrimination seems to offer a convincing explanation. Statistical discrimination means grouping candidates according to one characteristic, such as age or foreign background and screening the group out of the recruitment process altogether, often at an early stage. Studies show that a prejudice against young people exists, which means that young age is potentially used as a screening device in recruitment. The objective of this thesis is to investigate to what extent statistical discrimination against the youth occurs in the Finnish job market. Special focus is on the retail sector that is considered one of the most important employers of young, inexperienced people and an important pathway through which the youth enter the labour market. Moreover, the possibility of promoting better, more responsible recruitment practices in companies through job creation schemes is examined. As a reference, the Youth Guarantee scheme by the Finnish government is discussed. The research is conducted by means of an extensive literature review supported by a qualitative primary research. The primary data is obtained through an interview with the head of HRM of Kesko, the second biggest retail conglomerate in Finland. In addition to literature on statistical discrimination per se, the theme of youth in the job market is discussed from alternative perspectives, such as youth unemployment, marginalization and level of responsibility in recruitment practices.</p> <p>The findings are reassuring: although it was proven that statistical discrimination occurs with a young person often as its victim, in the Finnish context participating in a job creation scheme and receiving a wage subsidy is not considered a bad signal. Thus, job creation schemes like Youth Guarantee have potential for positive, immediate results as well as for long-term changes in the recruitment culture, should the better practices promoted by schemes be adopted in the companies.</p>	
Keywords	Youth unemployment, marginalization, statistical discrimination, responsible recruitment, job creation schemes, CSR

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## **1 Introduction**

When Finland drifted into a recession following the American sub-prime crisis and the hardships of the Eurozone, youth unemployment and marginalization became political buzzwords. The Government has since launched some initiatives to help the youth to integrate into the society during the downturn, with special concern regarding those who are not in employment, education or in training (NEET). The most prominent is the Youth Guarantee (Nuorisotakuu), which is promising a job or a related offer to all those unemployed who are under 30-years-old. The objective of this thesis is to find out how and for what reasons the youth are in disadvantageous position in the Finnish job market. Furthermore, we also aim to determine whether schemes like Youth Guarantee can inspire companies to make more responsible recruitment choices. Since the retail sector is among the most important employers of the youth and inexperienced people it also is the key interest in this study.

The inspiration to write this thesis was twofold: on one hand there was an interest in learning more about youth unemployment and marginalization as social phenomena and finding out how the negative development could be stopped. On the other hand there was a personal interest towards Corporate Social Responsibility (CSR) and business ethics issues. It was interesting to study what the position of recruitment and Human Resource Management (HRM) is in the CSR thinking of companies and on the other hand how ethics are considered in the work of human resource managers. By adopting this twofold approach it was possible to emphasize youth unemployment as an issue that should also be a concern of corporations and that the business world should assume a greater responsibility in preventing the ongoing recession from creating yet another-lost generation that never integrated into working life. As a political theme, the subject is extremely topical but the public dialogue has its gaps, which makes this thesis significant: from the perspective of a young job seeker, it is vital to study whether there are unhealthy structures in the Finnish business life that hinder youth employability. On the other hand, responsible recruitment is a concept that has a potential to improve the situation but has not yet reached momentum. Thus it is important to research how companies can increase responsibility in their human resource acquisition.

During the course of the study, the concept of statistical discrimination rose to significant importance. It turned out to be a more convincing way to explain why a young person does not get a job than outright age discrimination. Prejudice against the youth was evident in many studies and also other indicators of the unfavorable position of the youth were recognized. The statistics prove that during economic downturns the youth suffer more than other age groups, and statistical discrimination partly explains why.

When it comes to responsibility in recruitment and HRM, it was found out that responsibility is not yet part of the jargon. While worldwide meeting the legal bottom line seems to be most important when talking about ethics and HR in the same sentence, due to its social democratic tradition and strong unions, Finland seems to be the ideal birthplace for more people-oriented business responsibility. Moreover, comparing the findings of the primary case study and past research from abroad, it is evident that in Finland companies are more lenient towards people who participate in job creation schemes initiated by the government and Public Employment Service (PES). Thus, it is very likely that Youth Guarantee will have an immediate positive impact on youth unemployment rates in Finland, but should the companies use it as a starting point there is also a potential for long-term changes in recruitment culture.

The following thesis unfolds the ideas expressed above by combining secondary literature research from several decades to a primary case study, conducted with a Finnish conglomerate Kesko this year. The dissertation itself can be divided into three main sections. Firstly there is the literature review that discusses literature about each topic significant to the thesis in detail. This section introduces the central themes and critically evaluates the usability and reliability of the literature. The second part studies the literature in a greater depth and deepens our knowledge of the issues by attempting to answer the four intermediary questions. It is then followed by a case study on Kesko. The information presented here was obtained in an interview with the head of HRM of Kesko Corporation. The questions asked were based on the literature studied in order to obtain similar information about a Finnish example company. This information is then drawn together with the findings from the literature to answer the following research question: Is the employment of the youth hindered by statistical

discrimination and are the job creation schemes key for more responsible recruitment in companies?

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## 2 Literature Review

Youth unemployment and discrimination are topics that have intrigued researchers and scholars often in the past, thus there is no lack of relevant literature on the field. In fact, the economic crisis of 2008 generated yet another patch of studies revolving around the consequences of a recession and making suggestions on how to fix the situation. Since the initial idea of the thesis was to adopt the Corporate Social Responsibility (CSR) approach and study whether companies show responsibility towards the youth in the communities they operate; a sizeable amount of CSR themed literature was also studied. By including Social Responsibility issues the thesis is also better connected to business studies and brings, perhaps, a new refreshing approach to the discussion on youth unemployment. What was peculiar about the CSR literature was that traditionally the experts of this field have been somewhat overlooking the importance of human resources in both achieving CSR goals but also as a rather important stakeholder. Connecting the dots between HRM and CSR is a trend that has not begun to strengthen until recently. In order to fully understand company perspectives on employment, it was essential to also review some textbook literature on HRM and more precisely recruitment itself. Not surprisingly, ethical approaches have not made it into HRM writing either and it seems that meeting the legal bottom line is often enough when recruitment and other HR decisions are made.

This literature review aims to go through the studied literature per research field and to critically evaluate the usability and reliability of the data while shedding light on the prominent relevance of these topics in relation to this thesis.

### 2.1 Youth unemployment and marginalization

The discussion about youth unemployment in Finland is characterized by its close connection to the concept of marginalization. In political dialogue, marginalization (of the youth) has been a dominating force at least during the current government lead by Jyrki Katainen (National Coalition Party) that actually included marginalization as one of the first focus areas in its program (Valtioneuvoston Kansila 2011: 7). Thus,



marginalization is seen as one of the top threats to society and its connection to the prevailing labor conditions affecting the youth, has been established. The Audit Committee of the Parliament of Finland commissioned and published a study on marginalization (in the study referred to as *social exclusion*) (Notkola et al 2013). This document serves as an introduction to the numerous negative consequences youth unemployment might have (emphasizing the Finnish perspective) and also helps us to define marginalization as a phenomenon.

Following the outbreak of economic crisis in 2008, total unemployment in the European Union countries rose dramatically. Consequently also youth unemployment increased throughout the union, even more than the unemployment average. (Statistics Finland 2011) According to OECD, young people who are commonly less experienced and who have not yet established their position in working life are more heavily affected by the economic downturns thus being more vulnerable to cyclical unemployment, too. (OECD 2013a: 106). Since most of the EU countries have been in recession since 2008, OECD have conducted and published several surveys studying individual EU countries and their respective youth unemployment situations. These surveys, portraying crisis countries Spain and Ireland among others, provide us with a clear picture of the causes and effects of youth unemployment from the perspective of these countries and practical examples of the policy measures taken thus far. Furthermore, surveys make clear recommendations on tackling youth unemployment and preventing the current depression from creating yet another "lost generation" (OECD 2013b: 24). Studying these surveys and matching them with the domestic data allows parallels to be drawn and union-wide trends in the employment of the youth to be recognized and opens up the recommendations OECD make to improve the situation for critical evaluation.

One of the core documents studied is the report commissioned by the Finnish Ministry of Employment and Economy "Nuorten Yhteiskuntatakuu" 2013 (2012). This report connects the dots between the concerns about youth marginalization (as expressed by the Finnish parliament) to the actual actions required to deal with the situation (as suggested by OECD in Spain and Ireland, for example). The report outlines the plan to realize part of the Katainen's government program, namely "Nuorten Yhteiskuntatakuu" (Youth Guarantee). The core promise is to provide every youth up to 25-years-old and every graduate up to 30-years-old with a job, an internship, a study place, workshop or rehabilitation within six months of becoming unemployed.

(Työ- ja Elinkeinoministeriö, 2012: 7) The report outlines the background of the program thus giving a coherent picture of the recent youth employment situation in Finland. Naturally, several policy measures are introduced spanning from the responsibility in tertiary education to programs for Public Employment Service (PES) and Employers. As a Finnish publication, "Nuorten Yhteiskuntatakuu" is an essential source for this study, as it provides us with a Finnish perspective on the phenomenon. Written to address problems in Finland it is the foundation and a starting point from where the research can be further developed. Additionally, the background information is based on the Finnish statistics, thus helping us to establish the problem and in turn the relevance of the topic and the justification for the research. By paying attention to the employer involvement in decreasing the youth employment report also connects this socially important theme to the reality of companies, thus also making it relevant from a business perspective.

In addition to more recent studies commissioned by the government, during the past decades the ministry of employment has published several studies that are of use in our research. These include works by Tuire Santamäki-Vuori and Eeva-Leena Vaahtio, who have on various occasions studied employment from different perspectives. For example, Santamäki-Vuori's *Lama ja Nuorisotyöttömyys* (1993) sheds a light on the Finnish youth unemployment during the previous recession. The topic has also been researched more recently by Daniela Wetzshelhütter, whose dissertation *Youth Unemployment in Finland* (2013), draws a more recent picture of the situation.

A shared characteristic of the aforementioned publications (with an exception of that of Wetzshelhütter's) is that they have all been commissioned by either governmental or inter-governmental bodies and institutions. Thus, instead of strictly academic studies of a theoretical nature the reports are rather straightforward briefings based on the statistics followed by suggestions made by specialists from the field. However, although these sources do not follow the thesis-antithesis-synthesis formula of an academic paper, the statistical data is provided by sources commonly considered as reliable (In Finnish publications Statistics Finland, for OECD several sources, including EUROSTAT). Furthermore, wherever claims are made they are backed up with reference to a relevant scientific research. Thus, although the documents are commissioned by political institutions, rather than independent research facilities, due to the integrity of the parties they can be regarded as reliable sources.

## 2.2 Discrimination

When discussing difficulties in employment, one cannot disregard the importance of discrimination. While discrimination cannot explain the whole phenomenon of youth unemployment, it is certain that youths are also discriminated against. When it comes to age, however, it is usually older people who face discrimination in working life. (Larja et al. 2012: 40-42). Nonetheless, age discrimination against the youth, although less widely researched, is an existent phenomenon according to the scholars: the research by Larja et al. indicates that discriminating against young job seekers in the recruitment process is easier to hide for example by making certain skills a job requirement although the particular skills would not be needed in the actual job (Larja et al. 2012: 17). Reviewing a study commissioned by the ministry, conducted by researchers of Aalto University does not only provide us with a good picture of discrimination in Finland but also introduces wider research that has been conducted focusing on the topic previously in Finland and abroad. It also scrutinizes the phenomenon from the perspective of the Finnish legal framework, which is also relevant: although Equal Employment Opportunity (EEO) is a widely adopted concept, legislation varies from one country to another.

Statistical discrimination as a phenomenon has inspired some research, too. Statistical discrimination is viewed as a technique through which a recruiter can make the initial screening of the applicant pool to efficiently decrease the number of applicants for the next round. This is done by eliminating all of the applicants that belong to a certain reference group. The groups may include applicants with an immigrant background, applicants of a certain age or certain sex (Bonoli & Hinrichs 2010: 7). Thus, although the concept contains the word discrimination, it is rather considered a recruitment technique than a crime against Equal Employment Opportunity. An extensive study about Statistical discrimination was commissioned by the EU Commission and conducted by Giuliano Bonoli and Karl Hinrichs. Their study is significant for this thesis for several reasons: firstly it studies statistical discrimination in four European countries thus attempting to draw parallels into a common European framework where Finland can also be included; secondly their emphasis is on low-skilled workers, which is also a main interest in this study; thirdly by extensive interviews with employers they have adopted the recruiter's perspective, which increases the relevance of the study as a

source for business research. Bonoli and Hinrich's concluded that although from different countries, the interviewees tended to give quite similar answers and the variation was mainly caused by the differences in the companies size. (Bonoli & Hinrichs 2010: 23) Thus, with caution, their results can also be reflected with those of the domestic situation.

Both of the abovementioned studies also contemplate on the negative externalities of discrimination and consequent unemployment. Thus, in general there seems to be an agreement that the consequences of youth unemployment can be destructive.

Although not all the authors see possible large-scale hazards to the economy as a whole, like the risk of a "lost generation", the social consequences (marginalization) are well understood. Furthermore, the Ministry of Employment and the Economy study points out that being discriminated once might lead to a vicious cycle of discrimination thus increasing the difficulties of becoming employed in the future (Larja et al. 2012: 12)

### 2.3 Corporate Social Responsibility (CSR) and Business Ethics

Although Corporate Social Responsibility is a theme that is widely discussed in the business world and part of the standard business jargon in education, it is surprisingly difficult to find one, precise definition of the concept. That is firstly because CSR is often seen as a sub-category of the wider concept of Business Ethics and secondly because over the years the concept has evolved and presently various schools of thought can be recognized.

As a foundation for the framework of Corporate Social Responsibility in this thesis, Michael R. Harrison's textbook "An Introduction to Business and Management Ethics" (2005) was used. Like most other literature on CSR studied, the book takes rather a wide perspective on ethics in business and derives the fundamentals of the concept from the thinking of Immanuel Kant (Kantian ethics (Harrison 2005: 100)). Some other authors go even further: in her study "'Born Again': A Finnish Approach to Corporate Social Responsibility" (2003) Elisa Juholin traces the roots of ethical thinking as far back as to the philosophy of Ancient Greece. While the history of ethics *per se* might be irrelevant to this study as the focus is not so much in business ethics as a phenomenon, but in particular aspects of it, studying the Finnish perspective is

essential for the sake of relevance to the study. The Corporate Social Responsibility themed literature found is heavily dominated by American authors and one could assume that this also shows in their work. Although international issues seem to be one of the key aspects in CSR writing thus making CSR more or less a global concept, there are characteristics in Finland that affect our approach to the ideology. According to Juholin, already the history of the country makes Finnish CSR thinking unique and worth studying (Juholin 2003: 95). In addition, by basing her study on a wide research of CSR both as a historic and as a current, global phenomenon her work is a valuable groundwork for the business perspective of this study alongside the work of Harris.

Through the CSR framework set by Harris and Juholin, it is possible to define Corporate Social Responsibility for our purposes. For example, by quoting Juholin CSR "includes the openness or transparency of companies as well as taking into consideration the will and expectations of their stakeholders" (Juholin 2003: 2) In other words, instead of self-absorbed, mystical entities entitled to do whatever to maximize the value (in monetary terms), companies should pay attention to the environment they operate in including other actors within this environment it can affect and align its interests with the interest of others. Additionally the companies should be true and open in their communication, so that their performance could be evaluated against the ethical standards. Harrison provides us with the list of stakeholders, but emphasizes the fact that even a long list barely scratches the surface of the complex network of parties that can be regarded as stakeholders of a company.<sup>1</sup>

While both of the abovementioned books discuss Corporate Social Responsibility and Business Ethics in a very broad sense and examine it from various perspectives, both fail to properly address the role of Corporate Social Responsibility in Human Resource Management and vice versa. Surely within the Stakeholder theory employees - and on the other hand job seekers - are recognized as stakeholders, but the role of Human Resource Managers as the implementers of a company's CSR strategy is not thoroughly addressed, it is even ignored. In fact, in the Oxford University Press publication "Human Resource Management: Ethics and Employment" edited by Ashly Pinnington et

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<sup>1</sup> Harrison's list includes the following stakeholders: Employees, customers, suppliers, shareholders, others suppliers of capital, local communities, government, pressure groups and competitors (Harrison 2005: 33).

al. (2007) it is expressed that: "It is a curious fact that the current surge of interest in business ethics has largely bypassed the theory and the practice of Human Resource Management" (Pinnington et al. 2007: 1). Of the studied literature, this collection of 16 articles written by renowned academics is the first to connect CSR theory to the HRM theory and evaluate them both together in practice. Some studies of a smaller scale can be found too, but some of them tend to observe the connection the other way around (i.e. how an HR manager can *use* the human resources to achieve the CSR goals instead of how an HR manager can show CSR *towards* the human resources, see "The Role of Human Resource Management in Corporate Social Responsibility: Issue Brief and Roadmap" (Strindberg, 2009)). However, despite a somewhat different scope, studies like this might contain useful notions for forming a picture of CSR and HRM in general. Furthermore, studies that also discuss being socially responsible in Human resource management exist, and these give valuable information on the research done so far. One of the most prominent pieces of work is the case study on GDF Suez and the impact on CSR on their Human Resource Management. Studying the HR practices of a company that has been awarded for its CSR provides us with information on the best practices of responsible HR management. (Dupont et al. 2013: 1)

## 2.4 Human Resource Management theory and recruitment

In the previous section, literature on Human Resource Management was touched upon from the point of view of Corporate Social Responsibility. However, in order to distinguish between responsible and standard HRM practices, it is essential to review some of the predominant HRM theory, too. Textbook literature sheds a light on the conventions that dictate the actions of the HR professionals in their everyday work. However, since the focus of this study is the level of responsibility in the recruitment practices, it is justified to restrict the research to the recruitment.

Theoretical HRM literature is largely based on the processes and tools of recruitment and pays less attention to the consequences affecting the parties other than for the company itself. When it comes to recruitment, legislation also plays an important role and reference to the local EEO Laws is a standard section in any textbook. One of these books is John M. Ivancevich's "Human Resource Management" (2007).

Ivancevitch's work is a classic textbook systematically going through the aspects of

HRM, including recruitment. Being based on the basic theories of the field, Human Resource Management is an ideal piece of literature to represent the “normal” HRM practice and allows us to mirror it with the more responsible approaches introduced in other literature and on the other hand, the real-life experiences from the field.

Ivancevich represents the mainstream of HRM writing and allows us to evaluate its basic conventions. Thus, generally it can be stated that Human Resource Management literature has little interest in the external impact of the recruitment decisions as long as the choices have been made adhering to the equal employment laws. The law seems to be the only external criterion that needs to be fulfilled, otherwise recruiters are more concerned about KSAOs - Knowledge, Skills, Abilities and Other qualifications, simply put; the set of attributes to determine the ideal candidate and delivering the best candidate to the position – at least on paper (Ivancevich also discusses the reliability and the validity of the selection criteria (Ivancevich 2007: 216-218). Thus, it seems that as of now, HRM theory does not acknowledge the opportunity to make socially conscious decisions in the recruitment process; it is not manifested that the human capital is also subject to responsible treatment. In other words, analysis on the external impact of recruitment and other HRM activities is rather poor in HRM textbooks, and for more insightful observations one should rely on CSR literature. As mentioned before, fortunately, recently scholars have realized linkages between HR and CSR and research on the subject matter is starting to emerge.

The reason for studying the theory of recruitment is to determine, whether the reasons for employment difficulties of the youth could derive from the conventions in recruitment. Literature solely devoted to recruitment is naturally interested in the HRM processes unique to employee acquisition. Instead of providing pointers on what to look for in your applicant they offer a theoretical framework for defining these attributes and delivering the best performance in recruitment utilizing this information. For example, “Assessment Methods in Recruitment, Selection & Performance” by Robert Edenborough (2007) approaches recruitment strategy from the point of view of psychometrics and testing the candidate. “The Professional Recruiter’s Handbook - Delivering excellence in recruitment practice” by Jane Newell Brown and Ann Swain (2009) outlines the whole recruitment process from the point of view of (outsourced) recruitment professionals but gives very little help in developing the selection criteria or

KSAOs. Both of the publications seem to assume that it is up to the recruiters and/or their employers to decide what criteria the applicant needs to fulfill. Textbooks solely provide additional tools to work on these criteria, thus making the conventions that guide the recruitment practices a set of "unwritten rules". Some light on these rules is shed by Eeva-Leena Vaahtio in her recruitment guide "Pestaa paras - Rekrytoinnin opas Esimiehelle" (2007). However, despite her practical approach only some common examples of an ideal candidate are shared and most of the work is still left for the reader.

Such research does exist, though. Lars Behrenz has researched recruitment in relation to the public employment service (PES). Although the time of the publishing of the study "Who gets the Job and Why? An explorative study of the recruitment behavior of employers" (Behrenz, 1998: 107-164) in 1996 might compromise the integrity of the study being outdated, the research proves that certain patterns in recruitment do exist - or have existed at least historically. Furthermore, psychological proximity between the Swedish and Finnish labor markets (both being Nordic) makes it possible to apply the result to the Finnish environment. Another thing to set Behrenz's study apart from the textbook literature is that as a critical, scientific study it describes how things are in reality, not how they ought to be in theory. Thus, despite its 18 years of age, the study might turn out to be even more valuable source than more recent, but slightly differently oriented text books.

## 2.5 Literature based research question

By studying the literature written on the subject to date one can identify the current trends as well as the gaps left by previous studies. By researching diverse sources discussing youth unemployment, human resource management, corporate social responsibility and so forth, we have been able to identify the different viewpoints on the theme ranging from those by textbook authors to the ministry of education. Since the literature comes from so many different sources emphasizing very different aspects that can be linked to one phenomenon, namely youth unemployment, the research question ought to tie these loose ends together. In other words, the question should be connected to the matters discussed above and seek to answer a question not yet covered by the literature.



All in all, there seems to be a sufficient amount of research discussing the youth unemployment as both a phenomenon and as a contemporary issue. Studies from three decades and various countries prove that the issue is taken seriously, at least by the (inter)governmental authorities and scholars. Suggestions made by the writers as well as governmental policy initiatives tackling the issue hint where this situation might be headed in the future. Furthermore, literature on discrimination might give some answers and perspectives to explain the phenomenon and find solutions. However, one of the most important learning points in the discrimination studies is the concept of statistical discrimination, which seems to play a significant role in the employment of young people. Furthermore, there seems to be a lack of research done on statistical discrimination from a candidate's perspective, let alone studies linking it to youth unemployment. Thus, the phenomenon is definitely worth investigating.

As mentioned in the beginning of this section, it is important to also observe the problem from the company's perspective. For this reason a large amount of literature on CSR and HRM was studied. Generally it can be stated that CSR literature fails to make a connection to HRM and vice versa. Although both fields of study acknowledge each other's existence, the connection has not been made strong enough for one to conclude that CSR would be embedded within companies' HRM practices. This is especially true when it comes to recruitment. As it is increasingly agreed, meeting the legal bottom line does not suffice for a company to be socially responsible, it would be interesting to research recruitment from a CSR perspective.

By bringing the socioeconomic point of view together with the business perspective, one gets closer to a sensible research problem for a bachelor's thesis in business administration contemplating youth unemployment. Since it was concluded that statistical discrimination is a phenomenon that is likely to play a role in the working lives of the youth, it is a good place to start formulating the final research question. Additionally, as policy measures and suggestions to fix the problem do exist, they should be evaluated in this instance, too. As the closest example, Youth Guarantee is key here. Finally, one should bring the business perspective in by recognizing an active participation in the governmental schemes as a change for companies to enhance their CSR efforts. Combining these aspects we come up with the following research question:

Is the employment of the youth hindered by statistical discrimination and are the job creation schemes key for more responsible recruitment in companies?

### 3 Methodology

The study is a combination of literature-based research and primary qualitative research by means of an interview. The information obtained in an interview with a representative of one company was compiled and presented as a case study. While the secondary research was described in detail in the previous section, information here is to justify the use of a qualitative method in the primary data acquisition. Qualitative research is defined by John D. Anderson as follows:

Qualitative Research is collecting, analyzing, and interpreting data by observing what people do and say. Whereas, quantitative research refers to counts and measures of things, qualitative research refers to the meanings, concepts, definitions, characteristics, metaphors, symbols, and descriptions of things. (Anderson 2006)

In addition to interviews, other methods of qualitative research include observation, textual analysis and transcripts (Silverman 2005: 111).

The reasons for choosing the qualitative approach in the primary research are threefold. Firstly, it was noted that the qualitative interviews were rather popular among the scholars whose literature was studied. According to Silverman, this should be taken into a consideration in the choice of methodology and should certain methods turn out to be superior to others, one should not "swim against the tide" (Silverman 2005: 7). On the other hand, one should note that many of these studies combined exploratory interviews with a quantitative analysis of statistical data: the reliability of the interviews was tested by reflecting the answers against the statistics. Though it is fair to note that this method probably would provide more information, due to the lack of time and resources conducting such extensive research was not sensible. This is part of the second reason for preferring a qualitative over a quantitative approach: although the previous studies have also utilized statistical information, many of them are conducted in cooperation with institutions such as the ministry of employment, thus granting access to data that is not commonly available. Therefore, due to the lack of time, resources and access to certain information, the research method must be chosen accordingly. Furthermore, Silverman also emphasizes the size of the sample as

a factor in determining the methodology: he notes that quantitative research is ideal for large samples while a qualitative approach might turn out convenient for smaller ones (Silverman 2005: 8, 11)

The third and final reason for qualitative research is the nature of the information sought. Since the objective is to find possible patterns among practitioners that put younger applicants in an unfavorable position, qualitative interviews are more likely to provide a detailed picture of the situation. Silverman notes that qualitative researchers stress the socially constructed nature of reality and that it is believed "that qualitative methods provide a 'deeper' understanding of social phenomena than would be obtained from purely quantitative data" (Silverman 2005: 10). While statistical information might show us certain correlations, it often fails to establish the cause-effect relationships and to explain the reasons behind them. By qualitative research we can gain a more profound picture of the recruitment practices that are without a doubt socially constructed phenomena. However, it could be argued that interviews might not produce answers that totally reflect reality – there is a human tendency to present matters in a way that is favorable to the speaker (Silverman talks about rewriting of history (Silverman 2005: 8)). Some of the research studied solved this problem by comparing the results from statistics and the interviews (for an example, see Vaahtio 2002). However, since there is not a possibility to do the same in this research, we need to trust our own instincts and evaluate the results of the interview critically.

As mentioned earlier, the sample is small. In fact, due to a poor response rate among the companies contacted, a case study approach was adopted and only one company interviewed. A case study is described in the following way: "The basic idea is that once case ... will be studied in detail, using whatever methods appropriate. ... [The] general objective is to develop as full an understanding of that case as possible." (Silverman 2005: 126) In this research, the purpose of the case study is to support the research of literature and to provide up-to-date examples from the Finnish environment and to study whether the patterns spotted by the previous researchers can be found there, too. The case study is not extensive as its function is to support the literature research, not to be the whole essence of the thesis. By using the terminology of Stake as presented by Silverman, the case study here is an instrumental case study that has as its function, to provide insight into an issue. Furthermore,

although the case is studied as in depth as possible, the main focus lies elsewhere (literature) and the role of the case study is purely supportive (Silverman 2005: 127)

Although there is some indecision as to whether one case could be a sample that can be generalized to represent the whole pool, but as an instrumental case study the interview with Kesko is to serve as a source of the best practices when it comes to responsible recruitment in retailer industry in Finland and to provide up-to-date, real-life examples.

## 4 Theory

This section discusses the literature introduced earlier in greater depth. The objective is to build a theoretical framework as well as to process the information from existing research in order to get closer to finding an answer to the research problem. This is done by answering the intermediate questions, which are instrumental for the research.

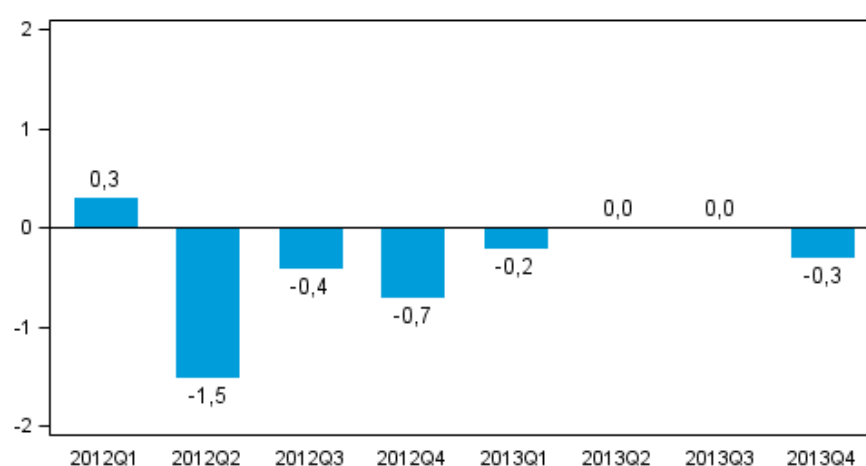
### 4.1 What is youth unemployment and what is its occurrence in Finland?

When one refers to unemployment, he/she talks about the people part of the workforce not employed at the time. The official definition by ILO (International Labor Organization) is as follows: "those without a job who have actively sought work in the last four weeks and are available to start work within the next two weeks, or those who are out of work, but who have found a job but are waiting to start in the next two weeks" (Griffiths & Wall 2007: 457). In Finland a person belongs to a workforce when he or she is between the ages of 15-72 years old and is registered either as employed or unemployed (Statistics Finland, 2014). Thus, the definition excludes certain groups from the workforce, like fulltime students, pensioners etc. However, for example in Finland the data produced by Statistics Finland also grants students or anyone who takes part in monthly interviews included in the unemployment figure, if they fulfill the abovementioned definition by ILO (Statistics Finland, 2009). Youth unemployment figures can be derived from the total unemployment figure by observing the unemployment of the particular age group. In Finland, youth spans from the age 15 to 25.

Since a student thus can be defined as unemployed, there has been a reference group developed to properly address the youth excluded from the productive society. This group usually consists of young, inexperienced people and is commonly referred to as NEET (not in employment education or training) (OECD 2013b: 29). NEET also helps us to compare the situations of youth internationally, and is utilized by OECD, among others. According to OECD, NEET is the primary risk group of becoming "permanently

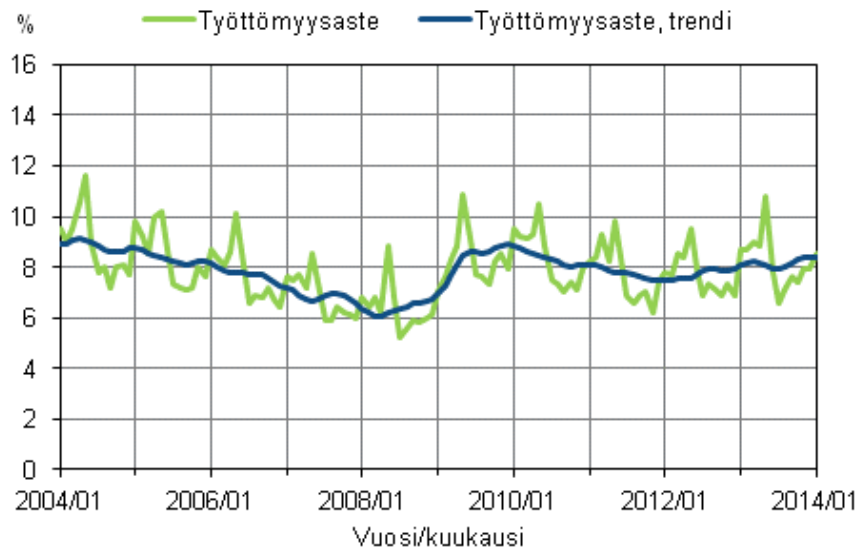
disengaged from the labor market” (OECD 2013: 29). Also Liisa Larja finds NEET a better indicator of the social exclusion of younger people than youth unemployment, since a young person can be both a student and unemployed at the same time. (Larja 2013) The Finnish government also recognizes this risk: on their list of groups running risk of becoming marginalized by society, NEET is at the top. In 2012 there were 95 000 youths in Finland that were classified as NEET (Notkola et al 2013: 58). Thus, as NEET and the unemployment figure are not interchangeable, it means that the situation can at times be even worse than the unemployment statistics show, especially when it comes to youth. However, sometimes even defining the number of NEET can be difficult due to the lack of data when the young people are outside of all social activities (Työ- ja Elinkeinoministeriö 2012: 11)

When unemployment significantly increases in economic downturns, one talks about cyclical unemployment (or demand-deficient unemployment.) (Griffiths & Wall 2007: 466) It occurs when the aggregate demand falls during the recession phase of the business cycle (hence the name, cyclical unemployment). It is a symptom of decreased demand for goods and services, which also causes a drop in demand for labor. Since recession can be said to occur when the economy does not grow for two consecutive quadrants (McKee 2004: 366), it can be said that Finland is in the midst of it as we speak. Figure 1 below illustrates the Gross Domestic Product (henceforth GDP) of Finland from the past two years.



**Figure 1: The change in volume of GDP 2012-2013 (Statistics Finland, 2014a)**

As can be observed, there has been only one quarter of (weak) economic growth in two years. Thus, the circumstances for cyclical unemployment exist. Statistics Finland reports that the unemployment rate is still above the pre-crisis level being 8.5% in January 2014 (Statistics Finland, 2014b). Before 2008 the unemployment rate could be as low as less than 6%, as can be observed in figure 2 below.



**Figure 2: Unemployment rate and its trend 2004/01 – 2014/01 (Statistics Finland, 2014b)**

Although Finland never experienced such dramatic unemployment rates as Ireland or Spain, demand deficient unemployment can be observed (Eurostat, 2014).

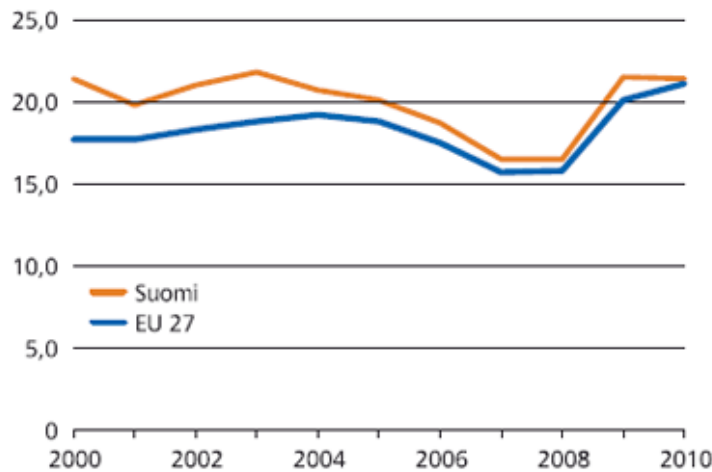
Youth unemployment, although closely connected to cyclical employment, can occur during growth periods, too. Since youth unemployment essentially is just lack of unemployment in the age group of 15-25, it does not differ from the total unemployment rate in any other way than this emphasis. However, since the youth differ from the rest of the workforce in certain aspects, the causes of youth unemployment have inspired some research. Furthermore, since youth unemployment is seen as being connected to marginalization, it also interests government officials and other parties worried about social exclusion as a wider, social phenomenon.



Already during the previous downturns it has been noted that the youth are more vulnerable to cyclical unemployment than older people. The reason for this trend is the lower level of experience and education (Santamäki-Vuori & Sauramo 1993: 16). This presents itself not only as a difficulty in employment but also when employees are laid off. There might be rules on seniority, for example. Thus, during downturns young people run a greater risk of becoming unemployed and experience greater difficulties in finding (new) jobs than an average worker. As similar symptoms have been recently observed in other OECD countries, too, there is no way the phenomenon is solely Finnish, but part of a wider, international development of the labor market. In fact, OECD does not only see the young as the prime victims of economic downturns but also notes that falling aggregate demand “weighs more heavily on jobseekers” in general (OECD 2013: 108). This is well in line with the findings of Santamäki-Vuori, as youth are more often jobseekers than well established in the working life.

While the Finnish youth unemployment situation does not compare to those in the worst hit crisis countries Spain and Ireland (55.2% and 29.4% at the end of 2012, respectively (Eurostat, 2014)) on average there are some alarming signals. As Santamäki-Vuori points out, the situation became really severe during the recession of the 1990's and for example in 1993 as many as one third of the Finnish youth belonging to the workforce was unemployed (Santamäki-Vuori & Sauramo 1993: 1). Reflecting Santamäki-Vuori's earlier studies, Daniela Wetzelhütter shows that even after the depression the unemployment of the youth remained considerably higher than in other age groups. (Wetzelhütter 2013: 28). Furthermore, in a recent (1/2013) *Hyvinvointikatsaus Journal*, Liisa Larja concludes that the Finnish youth unemployment rate was above the European average until 2010. (Larja 2013) However, the change was not so much due to the changes in the Finnish labor market but the negative developments in other EU countries, such as Spain.

The graph below illustrates youth unemployment in Finland by the yearly average youth unemployment rates 2000-2010. It shows the trend up to end of the decade as described by Larja:



**Figure 3: Average of unemployment rates of 15 to 24-year-olds in Finland and in EU27 (Statistics Finland, 2011)**

Despite the minor fluctuations, the rate was still above 20% in February 2014 (Statistics Finland, 2014). Although Finnish youth employment might have surpassed the EU27 average, the youth is still more disadvantaged in the job market due to the downturn. This notion is shared by the current government, who, as mentioned, recognize the connection between the marginalization and the labor conditions of the youth.

Once the foundations of youth unemployment are established, one should also consider its consequences. As noted earlier, marginalization is seen as a significant effect of youth unemployment. In their publication on marginalization of the youth in Finland, Notkola et al. use the definition of social exclusion by Hilary Silver, where in addition to long-term and repetitive unemployment along with the weakness of social connections including disintegration of family relationships, social differentiation and the decline of social class solidarity are part of the phenomenon, too. Furthermore, in a Finnish context the integration of the youth to the society has been an important point even before the marginalization discussion started to gain momentum (Notkola et al., 2013, p.55). Although this definition is only one of many, it is considered key in Finnish discussion and by emphasizing the role of unemployment it is also in line with the language that characterizes the discussion on youth unemployment and its negative social and economic effects. In fact, Notkola et al. point out that in the public

discussion the word marginalized refers to a young person with only a primary education who is excluded from education and the workforce altogether (Notkola et al. 2013: 57), in other words NEET. This suggests that when talking about NEET we are talking about at least potentially marginalized youth. Additionally we identify NEET as a group that is especially vulnerable for cyclical unemployment due to lack of skills.

The consequences of marginalization are manifold, but they are not the subject of this study. However, as they link closely with the employment some of them are worth highlighting in this context. Notkola et al. refer to studies by McKee-Ryan et al., who have recognized a pattern where losing a job and unclear development of one's career path have negative effects on both the physical and mental wellbeing which in turn causes problems in future employability (Notkola et al. 2013: 60). In the report on marginalization, Larja et al. note that even being employed can weaken youth integration into working life as well as in other wellbeing factors (self-esteem, life control), when the nature of the employment nature is short-term and unpredictable (Larja et al. 2013: 16). Observing the same situation from the employer's point of view, Lars Berhenz proved that recruiters' perception on an applicant with unemployment spells can be negative (Behrenz 1998: 141). Thus, a vicious cycle of unemployment is linked to that of marginalization.

The report on youth guarantee connects the abovementioned with the perspective of the economy. Like OECD report on Ireland (OECD 2013: 57), the ministry of employment and economy is also concerned about the birth of a "lost generation" caused by marginalization. It is concluded that the youth should be integrated into the job market more efficiently when the baby boom generation reaches its retirement age. Furthermore, it is predicted that once the downturn passes, certain industries will experience labor shortages that would be further worsened by the youth in the cycle of marginalization. (Työ- ja Elinkeinoministeriö 2012: 7)

To conclude, youth unemployment is the unemployment experienced by people between the ages of 15 and 24. It is more heavily affected by economic downturns than the unemployment in other age groups and is cyclical by nature, although Finland has experienced higher youth unemployment rates than other EU countries in average during the past two decades and younger people have experienced higher

unemployment rates than others also during the times of expansion. However, in the youth unemployment rate, a great amount of students is also included, so a better way to measure youth not connected to society is NEET, youth that are not in education, employment or in training. NEET, being an international concept can even in some instances be used interchangeably with the concept of marginalization, which is one of the most important concepts connected to youth unemployment. There are concerns in Finland that widespread marginalization among youth might create a lost generation that will lead to labor shortages once the economy starts recovering and baby boomers retire.

#### 4.2 Can youth unemployment be explained by discrimination?

Simply put, discrimination is the treatment of a person or particular group of people differently, in a way that is worse than the way people are usually treated (Cambridge Dictionaries Online 2014a). Like anywhere in society, there are also many opportunities for discrimination within working life: it might occur in the recruitment, during the course of the work itself or as grounds for termination of the employment (Larja et al. 2012: 13). However, apart from being considered unethical it is also largely illegal in many countries, including Finland, in fact Finnish law protects labor from discriminatory practices in a multitude of ways, starting from the constitution where it is stated that:

"No one shall, without an acceptable reason, be treated differently from other persons on the ground of sex, age, origin, language, religion, conviction, opinion, health, disability or other reason that concerns his or her person." (Perustuslaki, 2:6 §)

Eeva-Leena Vaahtio provides a list of legislation describing how

Finland forbids discrimination (Vaahtio 2007: 56-58). Among others, Finnish criminal law lists the attributes that constitute discrimination. Additionally, legislation also has specific laws for labor contracts and equality. In most of the instances, age is listed a characteristic that should not be used as a grounds for differential treatment. In other words, from a legal point of view, Finnish youth should be protected by law from being treated differently due to their lack of age. Furthermore, the Finnish Non-Discrimination Act (NDA) elaborates that a person is protected by law from being discriminated in recruitment, working conditions, staff training or career development (Yhdenvertaisuuslaki, 2§).

Although the legal framework should prevent discrimination, it persistently exists. (Larja et al. 2012: 12). Since the scope of this thesis is to study recruitment, the research has been restricted to the literature on discrimination in the employee acquisition practices. Larja et al. have divided their study according to the reference victim groups, Age being one of them. One of their insights is that not all the age discrimination actually constitutes as discrimination. The NDA dictates that differential treatment based on age is not discrimination when its justified purpose derives from employment policy, labor market, vocational training or other comparable objective. (Larja et al. 2012: 17; Yhdenvertaisuuslaki, 7 §)

Literature on age discrimination is largely dominated by the discussion of the employees of an older age. In fact, Larja et al. conclude that there is a lack of research concerning the discrimination based on young age groups and that age prejudice can be easily masqueraded by appealing to lack of experience. Eeva-Leena Vaahtio's study, "Rekrytointi, ikä ja ageismi" (2002) is one of the few in Finland to approach ageism from both sides. She concluded that one of the prime reasons for the unfavorable situation of the youth in the labor market is employers' tendency to favor former employees over new entrants to the market (Vaahtio 2002: 189). In addition, Larja et al. recognize the significance of skills as a problem for the employment of the young people and as a hazard for discrimination: A person can be discriminated indirectly by setting the skill requirements higher than is actually needed for performing the job. On the other hand, it is also expressed in a study that requiring both a master's degree and five years of experience excludes young people automatically from the recruitment process (Larja et al. 2012: 17, 42)

Larja et al. quote a Eurobarometer survey, in which 63% of the Finnish respondents perceive that age discrimination is fairly or very widespread. However, the survey does not distinguish between old age discrimination and young age discrimination, thus a strict conclusion should not be drawn. Furthermore, referring to another study by Parpo, statistical data does not seem to recognize a pattern of young age discrimination. On the other hand, the data was based on interviews and surveys, thus on the perception of the respondents and as pointed out before, youth are easier to discriminate implicitly (Larja et al. 2012: 38-40).

In her 2002, Vaahtio made qualitative interviews to determine employers' attitudes towards age in recruitment. She was surprised by the negative attitude towards the youth and noted that employers favored applicants aged 26-35 and 36-45 the most. These were also the groups that did not have any negative connotations in the interview, whereas older and especially younger people were described with negative adjectives - such as unreliable, reckless and inexperienced. (Vaahtio 2002: 119-126). These kinds of preconceptions open the door to another form of differential treatment: statistical discrimination. Larja et al. use the definition of statistical discrimination according to which it occurs when people lack information thus basing their choices on the average behavior of the discriminated group. They see it as a possible consequence of stereotyping and on the other hand acknowledge that it might happen implicitly, without the awareness of the offender. (Larja et al. 2012: 20) Thus, as a phenomenon it is somewhat different from the discrimination as understood by the legislation.

Another approach to statistical discrimination is introduced by Giuliano Bonoli and Karl Hinrichs. They view statistical discrimination as a screening method and as an option to testing the candidates, for example (Bonoli & Hinrichs 2010: 6). They studied three signals that employer's might use to screen candidates: age, immigrant status and long-term unemployment. When it comes to age, they found out that across the countries the study was conducted in, older age was considered as a positive signal of reliability, thus putting younger people in a disadvantaged position. (Bonoli & Hinrichs 2010: 6). The study was focused on low-skilled jobs that are generally known for their suitability for the new entrants to the job market i.e. youths, as they lack the experience for more responsible positions. Thus, statistical discrimination can be seen to hinder the employability of the youth. Another thing the researchers found out was that employers view unemployment spells and an applicant being a customer of PES as a negative signal indicating lack of motivation. (Bonoli & Hinrichs 2010: 11, 14-15) They conclude that in the countries they studied (Denmark, Hungary, Slovenia, Germany, Italy and Switzerland), statistical discrimination is utilized by the low-skill work recruiters. (Bonoli & Hinrichs 2010: 22) Since they did not spot any dramatic differences between the responses from these relatively different countries, it could be assumed that as a European state these results can be applied also to Finland, to a certain extent. Although the results turned out to be different from what was expected,

statistical discrimination described by the study could be seen as harmful to NEET youth, should it happen in Finland.

Although statistical discrimination is seen as a low cost method to speed up the recruitment process, Bonoli and Hinrichs also speculate whether using the three signals would actually shrink the pool to choose applicants from too much. (Bonoli & Hinrichs 2010: 6). They conclude that testing the candidate on-the-job is a more effective way to choose the right person and also popular in some countries, for example through a temporary work agency. (Bonoli & Hinrichs 2010: 23)

Thus, it seems that when it comes to legally defined discrimination, the youth is not a significant victim. On the other hand, spotting young age discrimination is harder and probably for this reason old age discrimination has inspired more research. Tools to discriminate against the young exist, though and a study by Vaahtio shows that employers seem to favor candidates over 25 years of age. Vaahtio also interviewed numerous recruiters, finding out that there were significant negative stereotypes connected to young applicants. Making the initial screening according to these prejudices constitutes statistical discrimination. Considered rather as a screening technique than a form of differential treatment, both Finnish and European studies show that these preconceptions on the youth steer recruiters in their practices. Many stereotypes seem to put NEET youth in an unfavorable position on the market for the low-skilled jobs in European countries, which decreases the opportunities of the young to enter the working life.

#### 4.3 Is CSR embedded to HRM functions in companies generally?

Human Resource Management (HRM) can be defined as "the function or unit in organizations that facilitates the most effective utilization of human resources to achieve the objectives of both the organizations and employees". (Ivancevich 2007: 22) Historically referred to with terms such as personnel management or industrial relations, HRM has its foundations in the early industrialization, unionization and finally human relations movement. Originally the need for human resource managers and departments stemmed from the need for an intermediary between the staff and the management: there was a need for a person that would understand both the employees and the company's strategic objectives and consult management on the best utilization of the human resources accordingly. (Ivancevich 2007: 6-7). Presently,

modern HRM is responsible for the following functions: Equal Employment Opportunity, Job Analysis, Planning, recruitment, selection, motivation, orientation, performance appraisal, training, development, labor relations, safety, health and wellness (Ivancevich 2007: 5)

As pointed out in the Literature Review (and supported by the previous section), legislation plays a major role in the functions of human resources department. Whereas section 4.2 discussed the Finnish legislation, an average textbook on HRM provides us with a global and/or American perspective. It is found that in a country where lawsuits are a part of everyday life, legislation is highlighted in the business life, too. EEO seems to be the central theme when it comes to responsibility in human resource management. According to Ivancevich, "no other regulatory area has so thoroughly affected HRM" and that "EEO cuts through every HRM activity" (Ivancevich 2007: 67). While Ivancevich acknowledges that preferential treatment to one group jeopardizes the wellbeing of the rest thus potentially causing wider societal problems (civic disorder, poverty), the notion is still connected to the perspective of good business. Although this kind of thinking does take stakeholders (government as a source of legislation, civil society) into account to a certain extent, it still conceptualizes the situation from the point of view of internal stakeholders (that is the stakeholders that are part of the organization itself (Juholin 2003: 29)). This is still, however, somewhat far from a "Corporate Citizen" as described by Harrison that goes as far as taking a political role in "championing citizenship rights" such as equality and safety, or a company involved in philanthropic activities (another trait closely connected to CSR) (Harrison 2005: 38-39).

It was also noted in the Literature Review that the theme of CSR seems to be extremely global in nature. Consequently, the significance of responsibility in HRM seems to increase when the international context is considered. However, the ethics of global HRM are largely a continuum of the obsession with the law in the domestic environment with the complexity of the difference between legislations included (Ivancevich 2007: 112). Another issue brought up is child labor, but it is arguable whether it is a HRM or Supply Chain issue, when it comes to multinational corporations.



Critical research on the relationship between HRM and ethics has a somewhat pessimistic view on the implementation of responsibility in the management of human resources. David Guest's view is that instead of managing people HRM tends to ignore them and end up being "a subtle way of exploiting people" (Pinnington et al. 2007: 7). HRM is also seen as a means of commodification of labor, which is in glaring contrast with the CSR thinking (Pinnington et al. 2007: 9) However, in his essay Adrian Walsh argues that the commodification development catalyzed by a market economy does not make combining ethics and HRM impossible – thus light is seen at the end of the tunnel. However, scholars seem to agree that ethical HRM is rather a goal than an existing phenomenon. One of the examples is Lynne Bennington's essay, which suggests that (in the U.S) HRM managers, even when they would like to act ethically and address unethical practices in the company, legislation does not offer enough protection for this kind of a whistleblower. (Pinnington et al. 2007: 149) Thus, the contributors to Pinnington et al's Human Resource Management seem to recognize the potential for ethical practices in HRM but some barriers are in the way. Presently, according to Pinnington et al. this is not part of the HRM functions in the companies other than as a common theme in business strategies generally.

However, despite the apparent lack of responsible thinking in HRM in general, there are also results of any other kind. Dupont et al. studied GDF Suez, a French energy multinational that has not only been awarded as the most socially responsible company in the world but has also adopted CSR as part of their HRM activities. (Dupont et al. 2013: 4). GDF Suez's CSR reporting was studied in relation to the three functions of their Human Resource Management: recruitment and job access, training and career advancement and safety and wellbeing at the workplace. Dupont et al. note that especially in the areas of recruitment and job access as well as training and career advancement there are notable deficiencies in the general HR practices. When it comes to recruitment, they view that "A socially responsible company should implement recruitment and job access policies closely linked with the societal stakes of sustainable development" but according to a study by Coulon employers tend to prefer offering insecure jobs (temporary jobs) instead of coordinating with occupational integration agencies (PES) for more responsible recruitment. (Dupont et al. 2013: 4) GDF Suez, however, has adopted completely the opposite approach and "has placed its recruitment policy at the heart of its strategy". This means that the recruitment is

planned according to the current changes in the local environments in which it operates and that external stakeholders are also integrated into the recruitment policy. As a concrete example, their initiative to target 55000 students yearly in their recruitment, can be mentioned. (Dupont et al. 2013: 4-5)

In the previous career advancement surveys and studies, serious disparities were detected in access to training between employees and management as well as between genders. Training also seems to be bound to age and the most likely age groups to get the training are the same noted by Vaahtio to be preferred in Finnish recruitment, over 25 but on the other hand younger than 55 (even 45). (Dupont et al. 2013. 5; Vaahtio 2002: 126). It is indicated that "professional training must be one of the major concerns of a socially committed company" and GDF Suez seems to acknowledge this. They have a program open to the whole staff to develop their career and encourage mobility allowing spontaneous changes of job, region or entity, which does not only contribute to align human resources socially but also leads to organizational efficiency (Dupont et al. 2013: 6)

The Aforementioned comparison between the survey and research data and the best practices of GDF Suez prove that generally HRM lacks a certain level of responsibility in the companies, but exceptions exist. On the other hand it supports the notion that combining HRM and CSR is not an impossible goal, but also shows that responsible CSR is still a rare concept. However, we can also approach the issue from the point of view of social responsibility and how well represented human resources are in the CSR literature. By adopting the Finnish perspective as presented by Juholin (2013), we can determine whether HRM resonates with CSR thinking in general, as she bases her analysis on the classics of the field. Juholin states that Finland has been a top country in business ethics discussion (Juholin 2003: 30), thus it one could assume that the discussion here would touch upon areas not so popular elsewhere, too. It is stated that - referring to the four types of corporate citizenship by Macintosh - A fair share of Northern-European companies represent the fourth category, so called pro-active or third generation corporate citizens. These companies, although underrepresented at a global scale see themselves as an agents of positive change and are seen instrumental in spreading the good practices wider (Juholin 2003: 47). Furthermore, if we observe the stakeholder theory that dictates that stakeholders are those who have ownership,

right or interest in the enterprise and its activities (Juholin 2003: 29) and then observe the lists of stakeholders by different authors, most include at least the personnel as an internal stakeholder but many also civil society as a whole. In other words, according to stakeholder theory a company should show responsibility towards both its employees and prospective employees (as a part of the society). However, the theory does not rank the stakeholder groups in anyway, thus it is impossible to say to what extent HR is part of the CSR concerns according to the stakeholder theory.

According to Juholin the Finnish approach seems to emphasize the significance of people: Quoted by Juholin, the steps of responsibility by Juutinen list the responsibility to company's own personnel as the most important thing in CSR. (Juholin 2003: 45). Furthermore, the study by Panapannan et al. reveals that in Finnish companies employee issues were established better than community involvement. (Juholin 2003: 45). Juholin sees that birth of the welfare state in the 1960 explains the Finnish commitment to socially responsible practices. On the other hand, the recession and uncertainty of the 1990's brought about the rise of the employee empowerment thinking. Furthermore, Juholin's study revealed that social issues, occupational health and motivational drivers among other things were part of the content of CSR from a Finnish perspective. She also noted that in Finnish companies the position of CSR was optimal and the principles were adopted throughout the management and implemented efficiently. (Juholin 2003: 99-100). Thus, Finnish business environment seems not only more lenient to philosophy of CSR in general but it also emphasizes the human dimension of the concept and seems like an ideal ground for responsible HRM, especially when compared to the global trend.

In a summary, globally the essence of responsible HRM still is meeting the bottom line in legislation (EEO) and ethics can mostly be observed more in the context of global management (child labor), although there is some evidence that putting responsible HRM at heart of the strategy is a success factor. The example of GDF Suez is an inspirational but rare exception of the best practices in the responsible HRM. Although some critical literature exists that supports the notion that HRM can develop into more responsible direction, it is still a work in progress. However, where HRM theory and practice seems to clearly lack CSR perspective, in the social responsibility literature concern about human capital is at least implied. Furthermore, from a Finnish

perspective responsibility towards labor (especially to company's own personnel) is highlighted. The suggested reason for this is the history as a social democratic welfare state where unions have always played a significant role in the dialogue between the labor and capital.

#### 4.4 Are general recruitment conventions unfavorable to the youth?

Recruitment is the name for a process through which companies acquire employees to the organization. (Cambridge Dictionaries Online, 2014b) As noted earlier, it is one of the key functions carried out by HR departments. While the selection of the candidate is the most visible part of the recruitment process, it is merely a tip of an iceberg. Recruiters also need to attract and screen the candidates before the selection and onboard the chosen candidate after. (Häkkinen 2012: 14) In order to successfully perform these functions recruiters also need to define the role and the ideal candidate (job analysis, person specification) and source the candidates efficiently. (Häkkinen 2012: 16-17) However, it is the assessment methods and conventions that have potential to put the youth in an unfavorable position in the recruitment process. For this reason, the focus in this work is on the conventions that dictate how recruiters assess the suitability of the candidate for the job – in other words the matters that affect the selection.

As mentioned earlier, the recruitment textbooks do not provide practitioners with a premade person specification. The assumption is that each job requires an employee with different characteristics and the textbooks can only provide a framework according to which the person specification is conducted. For example, The Professional Recruiters Handbook by Newell Brown and Swain presents professional ways to communicate to the candidate that they do not meet the criteria, but does not give an exhaustible list of what the criteria should be. (Newell Brown & Swain 2009: 102-104). On the other hand, they also present the so-called REQ vs. SPEQ framework, which helps recruiter to qualify the candidate. REQ candidates qualify for continuing currently in the recruitment process since they are Ready to move, have Experience desired the employer and Qualify against the CV checklist (Hence, REQ). Yet it is not specified what the CV checklist consists of and what level of experience is required, but it is assumed that these essentially vary from case to case. (Newell Brown & Swain 2009: 105). SPEQ, on the other hand, is the list for qualifying the

candidate that has potential to be recruited but not now. Similarly, it also references to the skills and experiences without specifying them. However, Newell Brown and Swain also point out that recruiting unskilled labor differs from the jobs requiring higher level of expertise since there is a “general lack of transferable knowledge needed” (Newell Brown & Swain 2009: 17). Thus it could be argued that even though in general a textbook person specification could not be conducted due to the variance in the experience needed, the same does not necessarily apply to low skilled and entry-level jobs.

When Newell Brown and Swain get closer to telling us what an ideal candidate should be like, they emphasize that the key characteristics that qualify the candidate vary and the a recruiter should come up with an own list, but in their opinion recruiters should pay attention to the following things among others:

- Clear they want to make a move
  - Interviewing elsewhere in past six months (demonstrates commitment) ...
  - Keen to come an meet you ...
  - Have not been interviewing with every other recruiter or employer in town
- (Newell Brown & Swain, 2009: 106)

These are indicators of motivation, which should not be a problem for a young person. However, should the youth be already marginalized and finding it hard to find a job or inexperienced in job search, such criteria might turn out problematic. Vaahtio (2003), although emphasizing that one should consider the job specification when evaluating candidates, also provides some examples: She notes that the recruiter should pay attention to the quality of the application (e.g. language) if work demands good syntax and to note if application arrives late (Vaahtio 2003: 71-73). However, this offers little help for a recruiter who does not have an ideal applicant already in mind.

Although textbooks are written by professionals who often have an extensive background in the studies of their field, and can base their work on their own research and the findings of others, they hardly give us any information how things actually are in practice. Instead they outline the theory of a perfect recruitment process that is not necessarily realized in reality. When the textbook authors say one should not

discriminate against anyone or that you should evaluate your candidates merely according to their suitability to the job, it does not mean the recruiters actually live by these rules. Thus, in order to determine whether there are conventions that put young people in a worse position in the recruitment one should also study some critical literature on the field.

In his dissertation "Who gets the job and why?" Lars Behrenz discusses the practitioners' recruitment behavior in Swedish companies. The work is based on an analytical framework according to which the recruitment decisions - like all company's functions according to the shareholder perspective - are based on the potential of profit maximization (Behrenz 1998: 109). Consequently, the employee sought for is the person who is perceived as the most productive. Since the assumption is that person's productivity correlates positively with his/her level of experience and education, inexperienced job seekers (such as youths) cannot be competitive in the job market according to this framework. Moreover, several studies from the 1980's quoted by Behrenz reveal indicators suggesting that the youth might not be equal to older applicants in the job market. For example, Van Ours and Ritter note that age among other things has been used as a screening device by the recruiters already in the 1970's. (Behrenz 1998: 115) Thus, statistical discrimination is not a fresh phenomenon. On the other hand, Behrenz concludes the findings of Gorter et al. by stating that "[The] largest negative effect on the probability that an unemployed gets the vacant job comes from the requirements of the work experience" (Behrenz 1998: 116). This idea brings us to vicious cycle thinking where an unemployed, inexperienced young person finds it extremely difficult to enter the job market without the initial experience required by the majority of the employers.

Also Behrenz's own explorative study reveals alarming patterns from the point of view of the youth employment, which to a certain extent also supports the findings of his predecessors. Firstly, the paper discusses the significance of the recruitment channel and points out that informal social networks and internal information are popular ways to recruit due to their low costs and effectiveness. (Behrenz 1998: 121) A noteworthy fact is that Bonoli and Hinrichs (2010: 18) presented utilizing social networks as an alternative to statistical discrimination as a screening method. Although perhaps more effective and sophisticated in screening suitable candidates, social networks as an alternative to statistical discrimination do not make the recruitment any more

responsible. Behrenz notes that social networks are often inaccessible to certain unemployed people and this lack of access potentially hinders entering and re-entering the labor market. In modern terms, one talks about marginalized people. He also points out that in fact, relying on social networks is not as sophisticated a method as it looks as though lack of access does not mean the unemployed person would automatically be a less productive worker than his/her socially integrated counterpart. (Behrenz 1998: 124) Thus, this kind of practice is potentially harmful both to the job seekers and the company itself.

Analyzing his empirical results Behrenz also recognizes patterns of statistical discrimination and names the phenomenon. Also screening devices that are harmful to the youth such as level of experience were used. Furthermore, Behrenz concludes that the fact that experience and education are preferred over originality and quality of the application leads to high barriers to entry for the newcomers of the labor market (Behrenz 1998: 130). This situation is worsened by the employers' keenness on the references from the previous employers that newcomers do not naturally have. However, the most important source of information for the recruiters' to base their decision was the employment interview. (Behrenz 1998: 132). For the youth this can present itself as an opportunity to demonstrate the soft abilities that do not show in the CV due to lack of experience. On the other hand, if a young person gets eliminated from the recruitment process already earlier due to statistical discrimination, this offers little condolence. All in all, Behrenz's conclusion of the study was that the recruiters tend to emphasize the importance of professional competence and CV in the recruitment over soft skills and personal commitment. (Behrenz 1998: 135). While the youth naturally are weaker in the former, there is usually plenty of latter to offer.

Behrenz studied also involvement in PES programs and unemployment spells as a separate indicator and their influence on the recruiter's perception on the applicant. His findings differ from Bonoli and Hinrich's study where they found out that employers view participation on labor market programs as a negative signal, in a way being pushed to work. (Bonoli & Hinrichs 2010: 15) Behrenz's study shows that labor market programs (especially involving wage subsidies) do not cause negative response (Behrenz 1998: 141). Unemployment spells, on the other hand were viewed as negatively as in the studies by Bonoli and Hinrich.

To sum up, it seems the structures and theory of recruitment are not unfavorable to the youth except for the ideology of company (and thus recruiter as its agent) being and profit maximization oriented entity that above all looks for productive employees. Thus, young people might not be discriminated against per se, but due to circumstantial matters are included in groups that are seen as less productive. Furthermore, young people as inexperienced newcomers to the labor market belong to many groups that are eliminated during the first stages of recruitment by statistical discrimination. Since young people have not yet established their position in the job market, they also face a risk of not being as successful in the recruitment process as others since they do not necessarily have the social networks and prospective referees to help them get further. However, not all intuition is against the youth and participating, for example in a job creation scheme can even be viewed as a positive signal.



## 5 Case study: Kesko

### 5.1 Research design

In this thesis, the primary research is conducted by interviewing the head of Human Resources of Kesko Corporation and Kesko group. The information obtained is compiled below in the form of a case study that observes the CSR practices and recruitment in Kesko from the point of view of young, unskilled labor and Youth Guarantee. The interview was conducted by phone call on 14<sup>th</sup> March 2014 and was approximately 60 minutes long.

Kesko was chosen for the representative case for its significant role in the Finnish retail sector. The corporation has the second largest market share in the business of retailing groceries (Nielsen, 2013). These kinds of businesses play an instrumental role in employing young people, and in Finland retail is the most important employer of the youth, and the second most appealing industry for them. Its importance in the integration of the youth the society and decreasing youth unemployment and marginalization is recognized (Kaupan Liitto, 2014). Due to the oligopolistic situation in the Finnish retail market it is believed that the case of Kesko can reveal important information about the whole sector, thus being a representative case. To learn more about Kesko as a corporation, see appendix 2.

The questions included both open-ended and close-ended questions. For the full set of questions see appendix 1. The questionnaire was an outcome of the literature review. Its aim is to produce similar information about the case studied as the literature revealed about the companies and partly to seek answers to similar questions the previous researchers used in their research. The questions were divided into two parts: the first part was to draw a picture of the CSR at Kesko, especially from the perspective of HRM. It was especially inspired by the research of Juholin, who studied CSR from the Finnish perspective and especially determines how the CSR is handled in this particular Finnish corporation, how they prioritize their stakeholders and what the

significance of responsibility is in their opinion. Furthermore, the work of Pinnington et al. and Dupont et al. inspired to observe how human resources and human dimension show in the corporation's CSR.

The second part of the questions studied the recruitment practices and the youth. The first two questions were to determine what the role of corporate HRM department is in the recruitment in the first place. Questions 3 through 5 were to provide some statistical background of the significance of the retail industry for the youth employment. Questions 6 through 10 were supposed to produce information about the recruitment conventions that were to some extent discussed by Vaahtio, Bonoli and Hinrichs as well as Behrenz, but not profoundly. The rest of the questions revolved around the association with PES and wage subsidies. On one hand they were to deepen our knowledge on Youth Guarantee in practice, on the other hand to provide us with more applicable information about the effect of PES and subsidies on employment, as discussed by Behrenz, Bonoli and Hinrichs.

## 5.2 Data

In the interview Kesko appeared as a rather responsible corporation. Not only do they have their own department for CSR activities run by three managers, responsible thinking is also integrated into the management throughout the corporation. Furthermore, there is also a network in place to assist the diffusion of the CSR. When asked what are the focus areas of the CSR, a reference was made to the GRI framework (Global Reporting Initiative). It divides Corporate Social Responsibility into three main areas: Economic, Environmental and Social. It was stated that responsibility is seen as one of the core values of Kesko (For values, see appendix 2) and the new employees learn about the responsibility during their induction, both from brochures and e-material. As CSR is a multidimensional concept, it was noted that it depends on the employee's position how the responsibility shows in one's work: Although there are corporation-wide frameworks, it is up to your job description how CSR plays a part in your work. When it comes to communicating the responsibility to the greater public, it was noted that there had been lack of it in the past but recently there have been improvements. Responsibility shows for example in individual stores, where environmentally-friendly choices are indicated with a sticker, for example. Program to

communicate CSR to the public is known as "Tehdään hyvää yhdessä" ("Let's do good together"). Although a consumer can find information about Kesko's responsibility online, the information is not available in hard-copy format.

When asked to rank the stakeholder groups in order according to their importance in the corporation's activities, it was noted that the list looks very different depending on the adopted perspective: individual stores stress different things than the corporation as a whole. When it comes to the corporate perspective, the top three stakeholders, respectively, were customers (consumers), employees and shareholders. Competition was seen least important. However, it was noted that when it comes to individual stores, the significance of local civil society becomes more important. These findings support the notion expressed by Juholin, where Finnish CSR is seen as more people-centered than in other countries. Furthermore, the significance of internal stakeholders also seems to be significant, although customers have the priority.

Kesko recognizes conducting responsible business as a way to differentiate itself from the competitors and to gain competitive advantage in the market. However, it was also noted that large corporations have a major role in the society and for this fact the responsibility is paramount. For Kesko being a good corporate citizen (As described by Harrison (2005: 38-39)) and working beyond the bottom line expectations has been a long-term policy.

When discussing the youth and recruitment more specifically, it was established that the retail sector plays an instrumental role in the employment of young people. At Kesko 34% of the staff is aged 26 or younger (corporation-wide) and it was estimated that in Finland one fifth of the under 26-year-old workforce is employed by the retail sector. There were no statistics about the yearly rates of the youth recruited (in comparison to the total recruitment or other age groups), but an estimate was that it is likely to be more than the current share of young employees, that is 34 per cent. Furthermore, this rate was not tied to any quota but was seen as a result of natural, structural development in the sector. Additionally it was noted that students are regarded as desirable recruits and thus targeted in the employee acquisition. The interviewee could not provide the statistics regarding for how many Kesko is the first employer, but the rate was estimated to be high due to the nature of the retail sector.

Although there are certain guidelines provided by Kesko as a corporation as well as certain trends and developments that have been recognized by the corporation, both at Kesko as a whole and in the retail sector in general, the recruitment decisions are naturally made in individual stores by individual recruiters (usually store managers and shop keepers). Kesko does provide training and guidance to the managers in positions where recruitment takes place. This is done increasingly by e-learning and it was indicated that the corporation is preparing an extensive training module to provide the recruiters with extra support. Recruiters may also receive training for employment interviews and especially people whose recruitment career is at the beginning, are remembered. However, despite the tools and some guidance the corporation provides, it was emphasized that its role is primarily “compiling and supportive”. Furthermore, since Kesko as a corporation consists of several chains of stores of varying nature, it was stated that the characteristics of the ideal candidate always depend on the store in question, and thus are hard to define at corporate level.

However, when asked for some examples about the characteristics that recruiters at Kesko might look for in a candidate, the significance of so called soft skills were emphasized. These included good attitude towards customer service, understanding the customer, showing initiative, enthusiasm and being functionally gifted. It was concluded that these attributes are harder to evaluate than actual experience and education that show in the applicant’s resume, and it is largely up to the recruiters experience and skills to spot these in an applicant. However, it was stated that although the interview is seen as the preferred way to obtain this information, recruiters aim to evaluate the candidate throughout the recruitment process to make sure the candidate is unprompted enough to be granted the responsibility. The importance of this was seen especially notable when it comes to youth, who usually lack experience and education.

The interviewee also agreed to answer the question on the reasons why a young person usually might not get the job. It was concluded that usually one reason cannot be named but the reason for refusal is usually a sum of many issues. Often these is the lack of the aforementioned soft skills, thus if one fails to show initiative, communication skills or boldness during the recruitment process, he or she runs a risk

of being rejected. However, it was noted that at Kesko an applicant may also become employed via an alternative way as opposed to traditional recruitment process: through different cooperation schemes with schools or even directly with individual stores a young person may get an opportunity to work a few trial shifts to show their abilities in practice.

Being associated with PES and receiving wage subsidies was not viewed as a negative thing at Kesko. Although it was admitted that unemployment spells (especially long ones, more common with older applicants) might be seen as a bad signal, it turned out that youth under youth guarantee are even targeted in the recruitment. Also, it was seen that unemployment should be considered case-by-case, and should not be viewed automatically as an indicator of poor ability to work or social skills. By targeting young people running a risk of becoming marginalized, Kesko also wants to demonstrate its social responsibility. Kesko understands that the retail sector, being an important employer of young and unskilled labor, holds an instrumental position in assisting the youth becoming integrated into society and working life. During 2013-2014 Kesko's goal is to recruit 1000 under 30-year-olds participating in Youth Guarantee job creation scheme. Previously Kesko had also targeted disabled people, but not in such a large scale like now with Youth Guarantee. Also a coordinator has been appointed to ease the communication and cooperation with PES and the youth.

### 5.3 Findings

Information obtained in the interview with the head of HRM of Kesko is reassuring. Kesko understands the importance of the retail industry in the prevention of youth unemployment and on the other hand its own role as a large corporate citizen in society. It is clear that when it comes to CSR, Kesko's approach is stakeholder-centered, customers and employees (and on the other hand civil societies) coming first. Furthermore, Kesko's ideas on CSR resonate well with Juholin's notions about Finnish CSR being people oriented.

When it comes to the Youth Guarantee itself, Kesko appears to be very committed to participate in the scheme, with an aim to recruit 1000 young people involved during a two year period. Moreover, the interviewee also pointed out that students too are targeted in the recruitment as desirable employees. This combined with the fact that especially with young applicants, association with PES and receiving a wage subsidy is not viewed as a negative signal, draws a much more positive picture of the opportunities for young people than the findings of Behrenz, for example.

Kesko's recruitment in general did not appear as unfavorable to youth, either. When asked about the desired characteristics, the soft skills were emphasized and it was noted that opportunities for showing one's competence during "trial shifts" are offered, too. On the other hand, the top reason for the rejection of a young person was not considered to be the lack of certain skills or experience, but the lack of the aforementioned soft skills. It was emphasized, too, that the applicants ought to be evaluated throughout the application process with interview being the most important evaluation criterion, which is a very anti statistical discrimination policy. Also the notion that unemployment spells should be considered case-by-case supports the fact that statistical discrimination is not encouraged by the corporation. Instead testing applicants in trial shifts is in line with the findings of Bonoli and Hinrichs, who suggested testing as a better alternative to statistical discrimination.

However, one should bear in mind that when the recruitment decisions are a responsibility of individual practitioners, there is no way the corporation could totally prevent statistical discrimination from taking place. Furthermore, it is extremely difficult to research and prove to what extent it actually occurs. It was noted that throughout the Kesko Corporation there are recruiters of many kinds and of different experience levels, thus it is impossible to say whether some of these do or do not use statistical discrimination in their work. However, Kesko offers the tools and framework that prefer other screening methods than statistical discrimination, thus the groundwork for eradicating the phenomenon exists.

## 6 Discussion and Recommendations

Analyzing the background literature, we have gained a fair amount of knowledge about the youth employment in Finland as well as abroad. We have learned that at the times of cyclical unemployment the employment of the youth suffers more than that of other age groups. This has proven to be a trend not only restricted to Finland. However, Finnish youth unemployment was noted to have stayed at a higher level since the last recession, which means that the Finnish situation – although not as severe as the Irish or Spanish unemployment rates – is worth investigating. Many scholars agree that young people are in a disadvantageous position during economic downturns mainly because of their age and the consequent lack of experience and education. This does not only make the youth more vulnerable when people are let go but also makes entering and re-entering the labor market more and more difficult. While this suggests that young people do not get jobs because they are discriminated against, the explanation is not that simple. Indubitably young people might become victims of preferential treatment of some sort, but research claims that this rarely is outright age discrimination. Instead, when it comes to youth, age can be seen as a signal and food for prejudicial thinking. When age is used in this manner as a screening device to avoid candidates with characteristics that are supposed to be derivatives of young age, one talks about statistical discrimination.

Research shows that prejudice against people younger than 25 does exist. Eeva-Leena Vaahtio concludes that the glorification of the youth is a myth, at least according to her interviews with recruiters and the results from the surveys (Vaahtio 2002: 121). In another publication by Vaahtio she introduces the concept of labor market age. She argues that a person's labor market age is built up of their chronological, biological, psychological and social ages. (Vaahtio2007: 65-68) The problem is that due to its ease of comparison, the recruiters use chronological age as a means of screening candidates despite the fact that other ages tell much more about the candidate's abilities and suitability for the job. Furthermore, for cost reasons this is often done at the early stages of the recruitment process, which means that the interviews - that are agreed to be the most important channels to obtain crucial information about the

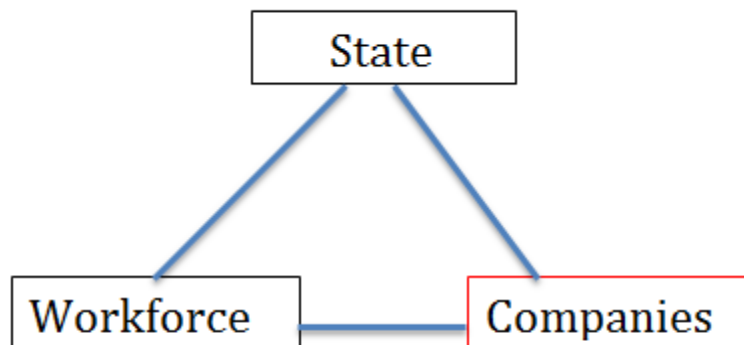


candidates - do not reach the majority of the applicants. In other words, a person whose chronological age is more appealing to a recruiter might get a job instead of a person whose chronological age is lower than their labor market age - or otherwise - gets better opportunities to make an impression.

Bonoli and Hinrichs recommend companies use testing candidates in practice as an alternative to statistical discrimination when choosing a screening method. Their thesis is that companies are able to make more sophisticated choices when they are actually able to meet the people and see them performing the job in practice. In other words, testing is seen as a screening method that evaluates the applicant's labor market age instead of relying on the chronological age. The case of Kesko supports this notion, as it was found out that the corporation's stance is that the best way to evaluate a candidate is a solid recruitment process where the interview is the most important part and that where possible, candidates should be offered a trial shift to demonstrate their abilities. Thus, at Kesko it is understood that the key to successful recruitment is to consider the candidate as an entity, not as a mere number and that the labor market age is not equivalent to one's chronological age. Adopting this approach, a company is able to increase the value adding potential of their recruitment processes and on the other hand increase the ethicality of their HR practices, which in turn is prone to enhance the public image.

Part of the research question was to find out whether job creation schemes (such as Youth Guarantee) are key to more responsible recruitment. In this dissertation, the concept of responsible recruitment is closely related to the overall social responsibility of the companies and refers to recruitment that takes into account not only the corporate perspective but also the individual applicants and the economy as a whole. It is seen that making responsible recruitment decisions should be part of the business philosophy of a responsible company, which in turn can lead to competitive advantage. Furthermore, especially large corporations that are significant employers in the economy are seen to be in an instrumental position in helping the state work towards better employment rates. It can be stated that by recruiting responsibly a company can join the common bee to reduce unemployment which would in turn increase aggregate demand and make the economy expand. Naturally, expanding the economy would increase the sales of the companies. This kind of positive cycle relates to the Keynesian

concept of the multiplier effect, where injections of money to consumers results in increased propensity to consume and as money circulates throughout the economy, the result will be a larger amount of money than the initial sum (McGee 2004: 403). Often the public discourse, however, tends to ignore the importance of the companies in the reduction of unemployment. Figure 4 below illustrates the threefold nature of job creation, highlighting the significance of private companies.



**Figure 4: The actors in the job creation**

In fact, even OECD's Recommendations for getting youths on the job track (OECD 2013b: 81) seem to revolve around encouraging state to improve education and active labor market policies and for the workforce to educate themselves. Although mutual obligation is implied, the responsibility of companies is not explicitly expressed.

The research shows that responsible thinking is not integrated into the HRM in companies as well as it should, nor does CSR emphasize human resources enough. However, as Juholin noted, Finland is somewhat special when it comes to approaching business ethics and it seems that Finland's social democratic background increases the level of responsibility towards the labor force. (Juholin 2003: 95) As noted earlier, Kesko served as a prime example of the people-orientation of Finnish companies. Furthermore, at Kesko responsibility was seen as a key to success and the significance of large corporations as employers and corporate citizens was recognized. Thus, if we assume Kesko's representativeness when it comes to the Finnish retail industry, one could conclude that there is potential for even more responsible recruitment than what exists at present.

There was some indecision on the effect of job creation schemes among previous research. Namely there were contradictory findings on how recruiters view the applicant when they are sent by PES or get wage subsidies. Being a PES scheme, Youth Guarantee can be reflected in these findings. Some recruiters seem to think that PES and wage subsidies are bad signals, and those candidates usually do not get to move ahead in the recruitment process. On the other hand, there were also recruiters interviewed that were indifferent to this. Kesko's head of HRM stated that although being unemployed and associated to PES might be a bad signal, each case should be evaluated individually and that when it comes to the youth, participating in a scheme can even be viewed as a good thing. Having a quota for Youth Guarantee recruitments Kesko provides a good example on how responsible recruitment practices can be encouraged from a corporate level. Furthermore, Kesko's willingness to participate in the scheme shows that the wage subsidies are welcomed by the Finnish businesses and the applicants participating in the schemes are not shunned - in some countries they possibly would be. Thus it could be stated that in Finland job creation schemes are likely to initiate more responsible recruitment, at least momentarily to improve the nation-wide employment situation and potentially also introduce better practices that are adopted even after the scheme.

One should, however, always bear in mind that recruitment is often a result of an individual practitioner and statistical discrimination can hardly be eradicated even with job creation schemes or corporate guidelines. However, corporate headquarters are in an essential position to provide tools for more ethical and responsible recruitment and participation in a job creation scheme is a good way to start the positive development and to spread better practices.

Based on the findings, participation in Youth Guarantee or any job creation scheme is recommended to the companies. Not only do they help enhance the company's public image as a good corporate citizen, but also provides employees a subsidized way to help the youth to enter (or people in general to re-enter) the labor market. However, in order to efficiently to improve the responsibility of the recruitment practices, companies and corporations should aim to eradicate the statistical discrimination from their recruitment practices. Although, it is difficult not to care about the chronological

age in the recruitment process, companies should create more opportunities to evaluate the candidates in person in order to determine the labor market age. However, tools exist and they should be more frequently utilized in the companies. For example, arranging more large-scale group interviews or offering applicants an opportunity to demonstrate their abilities in a test shift are among the most powerful tools. Relying on social networks, on the other hand, is not a good practice as young people are just entering the labor market and have not had a chance to build one of their own. It should be noted that by offering first jobs and initial work experience to the youth, companies help in the prevention of a lost generation from being born that could be caused by the economic downturn. By doing that they also ensure that they have a sound recruitment pool available in the future. Thus, responsible recruitment can be seen as a long-term investment.

## 7 Conclusions

Despite the myth of glorification of the youth, young people are in many ways in a disadvantageous position as they are entering working life. This is not only proven by the statistics showing that the employment of the youth reacts to economic downturns more severely than average thus being extremely cyclical in nature, but also many studies show that prejudice of young age and derivative characteristics exist.

Employers thus use applicants' chronological age as a signal of their abilities and suitability to the job and possibly eliminate them from the recruitment process at an early stage, before being able to conduct a thorough observation in order to determine their labor market age. This is extremely problematic when it occurs in the retail sector, which as a significant employer of inexperienced workforce is an important pathway through which the youth enter the labor market. Retail is an industry where soft skills are often more important than actual education and experience and this should be taken into consideration in the recruitment. Thus, instead of convenient screening devices such as chronological age or experience, a recruiter should pay attention to attributes such as the applicant's psychological and social age that are the particles of one's labor market age.

When age or another attribute is used as a way to categorize an applicant into a reference group and to reject this particular category in the application process, one talks about statistical discrimination. This concept is the most convincing way to explain why the youth end up being rejected in recruitment. However, it is considered a screening method rather than an ethical violation like straightforward age discrimination, which targeted on young age is not a widely researched phenomenon. However, statistical discrimination can be viewed as a moral hazard too, and companies can improve ethicality of their recruitment practices by choosing other screening methods, such as testing.

Job creation schemes have potential, too. Although internationally there is indecision whether participating in a PES scheme or receiving a wage subsidy is a good or a bad

signal, in a Finnish context Youth Guarantee is perceived positively, and the youth receiving subsidies are welcomed to join the staff. Participating in such a scheme is a great opportunity for companies to widen the recruitment pool for the future by introducing young new entrants to the labor market, thus promoting integration instead of marginalization. It is also a marvelous way to test the prospective employees in action in a cost efficient manner while showing responsibility towards society. Participating in Youth Guarantee can also serve as an introduction for a new recruitment culture, where better practices of screening replace statistical discrimination. However, as a phenomenon rooted to individual minds it is unlikely this categorical prejudice could ever be completely eradicated.

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## Interview questions for Kesko head of HRM

1. Corporate Social Responsibility. Purpose of the first part is to find out how CSR shows in the activities and the values of the company in general, especially from the point of view of HRM.

1. Does the corporation have a CSR program?
  - a. If yes, what areas of CSR are emphasized?
2. Is CSR management centralized or is it integrated in the routines of different departments?
3. How is CSR communicated internally/to the greater public?
4. Please rank the following stakeholder groups according to their importance in your corporation's CSR:
  - a. Employees
  - b. Customers
  - c. Suppliers
  - d. Shareholders
  - e. Other suppliers of capital
  - f. Local communities
  - g. Government
  - h. Pressure groups
  - i. Competitors
  - j. Environment
5. What kind of programs your corporation has launched to employ individuals from groups running risk of becoming marginalized?
6. In your opinion, why is CSR important for companies?

2. Recruitment and youth. The second part revolves around recruitment of young, low-skilled employees and the governmental initiatives to improve the situation (Nuorisotakuu, for example). While recruitment decisions are often made by individual practitioners, we are here trying to find out what kinds of practices exist throughout the organization.

1. What is the role of the corporate HRM in the recruitment in individual stores?
2. Does corporate headquarters provide recruiters with training?
3. How big share of your employees are younger than 25 years old?
4. How many younger than 25-year-olds do you employ yearly? Is there a quota?
5. For how many is your company the first employer?
6. What are the most important qualities that affect the employee selection?
  - a. If special skills, please elaborate
7. How do you evaluate the soft skills of an applicant, especially in the first stages of the process? (e.g. motivation, communication skills) What is their significance in the selection?
8. Are tests used in the evaluation of candidates during the recruitment process or after it?
9. What is the most common reason for not hiring a young person?
10. Does being sent by public employment service affect your perception of an applicant? How?
11. What is your stand on subsidized employment? Does it affect your perception of an applicant? How?
12. Does the corporation have a stance on Youth Guarantee and Sanssi-card?

## About Kesko and its values

Kesko in brief

24/03/2014

Kesko is a highly valued listed trading sector company. It manages retail store chains that are valued by customers, and efficiently produces services for retail store chains' purchasing, logistics, network development and data management.

Kesko's operations include the food, home and speciality goods, building and home improvement, and car and machinery trades. Its divisions and chains act in close cooperation with retailer entrepreneurs and other partners. Kesko has about 2,000 stores engaged in chain operations in Finland, Sweden, Norway, Estonia, Latvia, Lithuania, Russia and Belarus.

Kesko and K-retailers form the K-Group, whose retail sales totalled about €11.6 billion (VAT 0%) in 2013. The K-Group employs around 45,000 people.

Our core competence areas

- Development and management of store concepts and brands
- Combining retailer entrepreneurship and chain operations efficiently
- International retail expertise
- Multi-channel retailing
- Cost-efficient and responsible business models
- Development and management of the store site network

Divisions

Kesko is engaged in the food trade, the home and speciality goods trade, the building and home improvement trade, and the car and machinery trade.

## Values

The values guide our operations:

### 1) We exceed our customers' expectations

We recognise our customers' needs and expectations. We strive to offer them positive experiences through the continual reform of our operations and emphasis on entrepreneurial activity.

### 2) We are the best operator in the trading sector

We offer our customers the best products and services in the market to ensure our competitiveness and success.

### 3) We create a good working community

We operate in an open, interactive working community where people are respected and every individual can contribute to the full and use his or her initiative.

### 4) We bear our corporate responsibility

Our operations are responsible and we follow ethically acceptable principles in all actions within our working community and in relations with our partners.

Kesko 2014a; Kesko 2014b